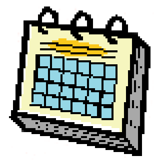
THE CONNECTION

SUMMER 2005

A QUARTERLY PUBLICATION FROM THE ACCOUNTING DIVISION OF WASHINGTON STATE'S OFFICE OF FINANCIAL MANAGEMENT

Inside:

If you have questions or comments on any information contained in *The Connection*, please contact Angela Knight at (360) 664-7654 or angela.knight@ofm.wa.gov.



Are you ready to close Fiscal Year 2005?

Out with the old and in with the new! In the next few months, agencies need to record year-end accruals and adjustments, and disclose some specific information for the notes to the Comprehensive Annual Financial Report.

Important deadlines for these activities:

July 15	Interagency billings mailed*
July 29	Phase I – Agency Accruals
Sept 13	Phase II – Agency Adjustments
Sept 21	Disclosure Forms (early submittal encouraged) and State Financial Certificate due
Dec 9	Agency Federal Assistance Certificate due
Mid-Dec	Final Fiscal Year 2005 reports printed and distributed

*Community and Technical College billings due July 21

There are a few changes to the year-end reporting requirements, so please read SAAM Chapters 90 State Reporting and 95 Federal Assistance Reporting. You can also view this year's state and federal year-end training PowerPoint presentations at http://www.ofm.wa.gov/policy/yearend.htm. If you have any questions or need further information, please contact the Accounting Consultant assigned to your agency.

AFRS Biennium Roll

By the time you read this article, the AFRS Biennium Roll will be complete. This event, which creates and establishes the new biennium in AFRS, once entailed great effort. But, due to the efforts of Office of Financial Management (OFM) Product Managers and Developers, what was once a nightlong process has become so commonplace that the majority of our customers do not notice that it occurred. And…that's the way we want it.

So, what is involved in this event? The roll most directly affects our users when they adjust or establish new AFRS table entries to control how their agency performs their accounting in the new biennium. At least six months before the roll, OFM personnel begin analyzing any required statewide accounting changes to determine how they will impact our customers and systems.

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Sadie Rodriguez-Hawkins

The Connection Special Edition: The *Roadmap*

The *Roadmap* took several major steps forward during the past two months:

• Completed the Solutions Framework, a plan that will guide decisions on core activities over the next seven years.

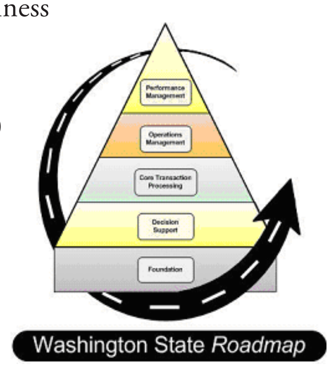
• Completed the Urgent Business Needs Strategy, a process for considering agency requests for exemptions from the established *Roadmap* plan.

• Completed the Enterprise Service Delivery Model to provide *Roadmap* governance options for consideration by the executive sponsors.

• The Enterprise Architecture committee agreed that *Roadmap* policies, processes, and data are Tier One activities.

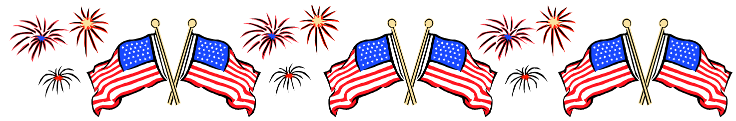
• Gained the unanimous approval of executive sponsors to proceed with the first major business initiative.

Please click on the icon (right) to link to the special *Roadmap* edition of The Connection.



Comments from the Assistant Director

Happy New Year!



Another Fourth of July has come and gone and with it has come the beginning of a new biennium and fiscal year. Many of us celebrated these events; others wished they would just go away.

Human nature being what it is, I can't help but wonder what the ensuing biennium and new fiscal year hold in store for us. At the very least, more change will be in order with the implementation of new regulations, systems, policies, and most importantly – new agency leadership. How this change will manifest itself remains to be seen but it will likely differ by individual, workgroup, and agency.

Let me suggest that it is not the upcoming change that we need to focus on. Instead, a better use of our time and energy would be to focus on our response. We don't always have a choice regarding change and how much, or how little, is imposed upon us. However, we do have a choice on how we respond.

In conversations with others, I sense a tremendous amount of anxiety and it is not unusual to hear folks say that they don't want to hear of *"yet another new thing"* being implemented in their workplace. The changes they are aware of have left them feeling quite overwhelmed and apprehensive. Things seem to be spiraling out of their sphere of control.

Effective ways to deal with these types of emotions include the following: remain focused, ask lots of questions, avoid negativity and take time to "smell the roses." If we don't take care of ourselves emotionally and physically we are of no use to others. We become plagued by angst – and ultimately unable to either lead or follow.

Remember, your choices are directly related to your response. Choose wisely and may this new fiscal year bless you with a job you love, colleagues you respect, and more challenges than you know what to do with. And whatever you do, have fun – if you love what you do, everything else will follow.

Disclosure Form Application Opens August 1

Beginning August 1 through September 21, OFM's web-based Disclosure Form application will be available to agencies for submitting fiscal year-end disclosure data. The disclosure forms provide an electronic way of capturing detail data to satisfy various reporting requirements.

Each of the disclosure forms covers a specific activity or area requiring information not readily available from the data collected in AFRS. The application includes state and federal disclosure forms. All forms, except for the Financial Disclosure Certificate(s), are submitted electronically to OFM.

A new feature to the application is the option for users to have either "**Edit**" or "**View**" access. **Edit** access allows a user to enter data into the application. **View** access allows a user to only look at, but not to change or edit, the disclosure form data. Printing the forms from **View** access provides a better product.

You can find the disclosure form application at http://www.ofm.wa.gov/systems. Once you have obtained access through your agency's security administrator from within or outside the state intranet, click on the **Disclosure Forms** icon.

If you have any questions, please contact Suzanne Coit at suzanne.coit@ofm.wa.gov / (360) 664-7783, or Sue Adamich at sue.adamich@ofm.wa.gov / (360) 664-7671.

Chart of Accounts Project

Did you know a review of the state's chart of accounts is currently underway? In fact, a core team from OFM and a virtual workgroup, consisting of 322 budget and accounting line staff, managers and others from across the state, are reviewing the state's chart of accounts design.

The goal of this project is to propose recommendations for changes to the chart of accounts to better support the state's budgetary, management decision, and financial reporting requirements.

Here are some important milestones:

- In May, the team released the results of the project's on-line survey. The summary report and detail data can be viewed on the chart of accounts website at http://www.ofm.wa.gov/coa/survey.htm.
- In June, the core team concluded direct stakeholder interviews. In addition, the core team interviewed other states that have experienced a chart of accounts restructure. The team will post the results on the chart of accounts website.
- In July, the core team will model and evaluate possible chart of accounts alternatives.
- In August and September, the core team will share project results, compile comments and feedback from the workgroup, and formulate recommendations.

More information about the chart of accounts project is available online at: http://www.ofm.wa.gov/coa/default.htm.

Thanks to everyone who has participated on this project to date. Your contributions are critical to its success. If you have questions, please contact Scott Kibler at scott.kibler@ofm.wa.gov / (360) 664-7674.

New Face of Enterprise Reporting

Enterprise Reporting is happy to announce the retirement of FASTRACK Seagate Info 7.5 System as of May 31, 2005, and its new facelift of the Crystal Enterprise (CE) 10 System. Over 2,700 FASTRACK Financial Reports customers successfully migrated to the new CE10 reporting environment. We continue to offer the "**FASTRACK Upgrade Refresher Training**" with a hands-on session twice a month until the end of August 2005. After that, it will be an on-demand class. To register for a class, go to http://www.ofm.wa.gov/training.htm.

Besides being the home of the FASTRACK Financial Reports, the new Enterprise Reporting System is now also home of The Allotment System (TALS) Expenditure Authority Reports, Travel Voucher System (TVS) Performance Reports, and soon will be home for other budget reports such as Performance Measure Tracking (PMT) and Salary Projection System (SPS).

The Enterprise Reporting Team continues to explore and lay forth the groundwork for an architecture that will take advantage of the Crystal Enterprise's reporting capabilities. Their goal is to provide a cohesive and reusable parameter and reporting options selection methods. As reports across the multiple business applications become available, they can be integrated under the Enterprise Reporting umbrella.

Ad Hoc Reporting Services Pilot

Statewide Accounting Services just completed a six-month pilot that partnered with the Department of Ecology and Small Agency Client Services. The goal of the pilot was to gain a better understanding of the business requirements for easy access and self-service of financial data. Prototypes were developed that allowed team members to develop real-life queries of financial data, perform analysis and create simple reports that also included graphing. The prototypes helped to further define the functions and featured requirements for querying and highlighted the user skills needed for ad hoc tools. The pilot was successful in demonstrating requirements fulfillment using Business Objects XI Premium. Demonstrations using Business Objects were provided to each of the partner groups with highly favorable feedback.

OFM begins an implementation project in July 2005 to add ad hoc and analysis services to Enterprise Reporting. These additional services provide fast and easy access to data for query and research capabilities and improve the ability to interpret and act on information quickly. This reduces the reliance on a handful of data "experts" for routine or normal data retrieval and analysis.

If you have any questions regarding this information, please contact Muoi Nguy at muoi.nguy@ofm.wa.gov / (360) 664-7699 or Ann Bruner at ann.bruner@ofm.wa.gov / (360) 664-7711.

Expenditure Authority Schedule for TALS Complete

The first phase of The Allotment System (TALS) was implemented in May 2005. This phase provides for the creation and on-line access of the Expenditure Authority Schedule.

It also represents OFM's initial step toward realizing Statewide Financial Systems' vision of using Enterprise Reporting for all reporting needs from our various systems. Up to this point, all of the reporting for the BASS applications has been accessed within each system.

With this initial release, the TALS reports are now accessed through Enterprise Reporting. Each subsequent release of TALS will follow this model and have all reports accessible from Enterprise Reporting.

The Expenditure Authority Schedule displays all expenditure authority information and control numbers by agency. Agencies are now able to view and print their Expenditure Authority Schedule at any time instead of waiting for paper copies to be distributed.

The team is currently working on additional reports to show various views of the expenditure authority data. As these reports are finished, you will see them in your TALS folders in Enterprise Reporting.

As work on the Expenditure Authority phase is completed, we will direct our efforts toward the planning and development of the allotment management phase of TALS.

During the allotment management phase OFM will replace the current allotment systems and will seek input from agency budget staff to assist in the design.

For more information or questions, please contact Sara Lieberman at sara.lieberman@ofm.wa.gov / (360) 725-5263.

Perspective on Internal Controls: The Control Environment

What are internal controls? Most people perceive internal controls as just a set of policies, procedures and segregation of duties. However, internal controls consist of a comprehensive process that is essential to provide assurance in operations, financial reporting and compliance with regulations.

In the last issue of *The Connection*, we said we would explore the framework of internal controls. The framework recognized as COSO, Committee on Sponsoring Organizations, consists of five components that make up an organization's internal controls. We begin with a look at the base of the pyramid, the foundation of any control system: the Control Environment.

The Control Environment refers to the attitude of top management toward internal control. Management's philosophy and operating style set the tone of an organization. While an agency can document its control environment by adopting written policies and procedures, the employees actually create the control environment.

The control environment includes the integrity, ethical values and competence of the employees; the way management assigns authority and responsibility; the way management organizes and develops staff; and the attention and direction provided by the Legislature, board, committee, commission, authority, etc.

For more information on internal controls, please refer to the *State Administrative and Accounting Manual* (SAAM), Chapter 20 http://www.ofm.wa.gov/policy/20.htm, and the Administrative and Accounting Resource site at http://www.ofm.wa.gov/policy/resource.htm.

Please refer questions to Pat Sanborn at patricia.sanborn@ofm.wa.gov / (360) 664-7680.

AFRS Biennium Roll . . .

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We also consider any customer-specific changes requested for the new biennium.

In some cases, these agency-specific changes require a much larger effort than changes made for our entire user base.

The actual roll occurs on the evening of the last business day of the current biennium. Once the nightly AFRS processes have completed and all data stores are backed up, the most *critical* part of the roll occurs: the creation of the new posting file entries, including the generation of new Beginning Balances.

Even if there are no significant AFRS changes being supported for the new biennium, there are always discussions on how to support agency table roll issues: certain tables will always be rolled for everyone, others are at agency discretion.

When agencies change their coding structures, we encourage them to contact us with any special requests that might reduce their workload.

Accommodating these changes is very important to OFM. We are always interested in reducing agency workloads and improving our processes.

For the next biennium roll, we would like to increase the number of tables that are included in the automatic roll.

Look for more information about this in the early spring of 2007. We will engage all of you in the planning effort.

If you have ideas and suggestions on how the biennium roll can be made even easier, let us know now and we will include them when we begin our planning. Please send your ideas to bruce.gorsky@ofm.wa.gov.

TVS Moves Ahead

The Travel Voucher System (TVS) team recently celebrated a successful implementation at DSHS.

Beginning August 1, the team moves forward with an eighteen-month TVS Extension Project. This includes an analysis of the entire travel business process with an extension to include all state employee reimbursable payments.

In Phase One (lasting about six months), the project team will conduct a feasibility study. They will validate and prioritize requirements, identify alternatives (acquisition or development), and select the most beneficial alternative.

Phase Two will be the implementation of the selected alternative. There may be follow-up phases depending on the scope and resources.

We have formed a customer Steering Committee to provide executive review and a customer User Group to provide the customer viewpoint throughout the project.

If you have questions about the project, please contact Owen Barbeau at owen.barbeau@ofm.wa.gov / (360) 664-7766, or Glen Tapanila at glen.tapanila@ofm.wa.gov / 664-7707.

Performance Measure Tracking

The Budget and Allotment Support System (BASS) team is preparing to implement the Performance Measure Tracking (PMT) system in July 2005. This release represents the final piece to fully integrate performance measures into the Budget Development System (BDS). PMT gives agencies the ability to:

- Update, Add, Edit performance measures for reporting to OFM.
- Link performance measures to activities within a budget version (BDS).
- Enter ensuing biennium performance measure estimates for budgeting.
- Enter current and past biennia performance measure tracking amounts.
- Release performance measure data to OFM.

PMT also allows OFM to enter and track statewide indicators by result area. These statewide indicators are similar to agency performance measures, except at a statewide level.

Several reports are being developed that will provide varying views of performance measure tracking activity. As with the TALS Expenditure Authority Schedule, the reporting from PMT will be provided through Enterprise Reporting. Access to the Activity Inventory Report previously available from BDS will also be moved to Enterprise Reporting. This moves us closer to realizing our vision of having Enterprise Reporting as the central point for reporting for Statewide Financial Systems.

Agencies will use PMT to input and submit tracking estimates and actuals for the 2005-07 Biennium. The Performance Measure Tracking and Estimate System (PMTES) will be used to input and submit the final quarter tracking amounts for the 2003-05 Biennium. After the final tracking amounts are submitted for the 2003-05 Biennium, PMTES will be de-commissioned and all performance measure activity will be handled through PMT. For more information or questions, please contact Vicki Rummig at vicki.rummig@ofm.wa.gov / (360) 725-5268.

What's new in SAAM?

Effective July 1, 2005, the *State Administrative and Accounting Manual* (SAAM) was updated in a number of areas. Certain changes were due to actions of the 2005 Legislature, while others were made to clarify existing policy and improve the effectiveness of state accounting activities.

Chapter 10 Travel – Removed the exception for lodging and meal rates for any county that is part of a metropolitan statistical area (MSA), the largest city of which is in another state.

Chapter 12 Transportation – Clarified language related to contractor drivers and use of state vehicles.

Chapters 15 and 16 Personal Service and Client Service Contracts – Added explanation regarding impact related to 2002 Personnel System Reform Act effective July 1, 2005. Provided the option of using the GA WEBS system in lieu of publishing a legal notice for solicitations of $20,000 or more. Many of the changes to Chapters 15 and 16 were for clarification purposes, including which contract training class should be taken by staff depending on their contract responsibilities.

Chapter 30 Capital Assets – Added policy for impairment of capital assets and related insurance recoveries for implementation of Governmental Accounting Standards Board Statement No. 42.

Chapter 40 E-Commerce – Added requirement for approval when proposing a large volume of AFRS EFTs.

Chapter 50 Federal Compliance – Clarified language related to the Cash Management Improvement Act.

Chapter 55 Audit Tracking – Added requirement for agency head or authorized designee to certify the completion of corrective action.

Chapter 70 Other Administrative Regulations – Clarified language related to coffee and light refreshments, and meals with meetings.

Chapter 75 Uniform Chart of Accounts – Added four new agencies, deleted two agencies and added 47 new accounts to the Chart of Accounts as a result of legislative actions. Revised descriptions of certain sub-objects related to personal service contracts. Additionally, added three revenue source codes, and deleted one revenue source code.

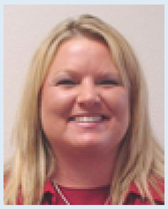
Chapter 85 Accounting Procedures – Added policy for accounting for impaired capital assets and related insurance recoveries.

Additional details related to SAAM changes are noted in Directive 05A-03, which accompanied the policy update. Directive 05A-03, as well as the entire text of SAAM, is available on our web site at http://www.ofm.wa.gov/accounting/policies.htm.
Questions regarding policy content and proper interpretation of the contracting policies in Chapters 15 and 16 should be directed to the following OFM Contract staff:

Susan Johnsen	(360) 725-5258	susan.johnsen@ofm.wa.gov
Laura Nelson	(360) 725-5259	laura.nelson@ofm.wa.gov
Jan McMullen	(360) 725-5260	jan.mcmullen@ofm.wa.gov

Questions regarding all other manual content and proper interpretation should be directed to the OFM Accounting Consultant assigned to your agency.

Who's New In Accounting?



Lynn Rostvold joined Statewide Accounting as a State Financial Consultant on June 6, 2005. Lynn came from the Department of Community, Trade and Economic Development where she worked as a Budget Program Specialist 5 for almost four years. She also worked for the Department of Corrections as a Financial Analyst for almost three years. Prior to her state government experience, Lynn worked for the Mason County Assessor's Office for over eight years.

Lynn and her husband, Mike, have one daughter, Alex, who is 14. The entire family enjoys softball, camping, spending time together and with their two dogs. Lynn also enjoys coaching for competitive cheerleading squads, as well as for junior high and high school cheerleading squads. Lynn graduated from the University of Washington in 1999 with a Bachelor's degree in Business Administration.

Lynn can be reached at lynn.rostvold@ofm.wa.gov / (360) 664-7777.